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SUBJECT: FORMER ALP PM KEATING WHACKS RUDD

¶1. (SBU) SUMMARY: Former ALP Prime Minister Paul Keating has criticized the Rudd government for lacking an "overall narrative"; warned Rudd about the pitfalls of "micro-managing and "running at the behest of little press secretaries"; and suggested the Rudd government is taking the wrong approach to climate change. Although most of Keating's attack was directed at former Treasurer Peter Costello, his assessment of Rudd was the most notable part of his remarks. END SUMMARY.

"SLOW ACTING DOPE"

¶2. (SBU) On August 6, Keating launched a book "Unfinished Business: Paul Keating's Interrupted Revolution" by former finance journalist David Love. Featuring interviews with Keating, the book warns that "the failure to finish the job Keating started has left our new-found prosperity vulnerable", particularly in relation to superannuation. But the aspect of the launch the media focused on was Keating's attack on former Treasurer Peter Costello. Keating, never known as one to mince words, described Costello as a "slow acting dope" and a "clodhopper" who had not continued the structural reform of the Australian economy. According to Keating, Costello and former Prime Minister Howard had reaped the benefits of Keating's economic reforms despite being "the biggest pair of policy bums the country has ever had".

RUDD NOT SPARED

¶3. (SBU) But Keating also criticized the Rudd government at the launch: "This Government, like the last one, is doing nothing about taking superannuation (compulsory employer contributions saving scheme) to 15%. Not even to 12." In an interview on ABC television's "7:30 Report" that evening, he said the Rudd government had made a "solid but cautious" start, but lacked an "overarching narrative". When asked about Rudd's management style (Rudd is widely viewed as a micro-manager and obsessed with the media), Keating said "you can't micro-manage a thing like the Commonwealth" and that "in these jobs you must have time to think". He warned that "frenetic activity, in the end suiting journos, running at the behest of little press secretaries, does not pay off". Keating suggested the Rudd government had taken the wrong approach to addressing climate change by focusing on production, rather than consumption, of greenhouse emissions.

HONEYMOON OVER

¶4. COMMENT: (SBU) Keating's remarks complement growing media sentiment that Rudd is putting spin ahead of substance. Indeed, that day the Rudd government launched a "grocery watch" web-site that was widely ridiculed in the media as a useless stunt. Also that day, we held a luncheon with four prominent political journalists who indicated that Rudd's media honeymoon is over. They are tiring of Rudd's spin and evasiveness, particularly on the economy. Although Keating remains generally unpopular, his comments were taken very seriously by the press gallery. They provide momentum for further scrutiny of the Rudd government when the slowing economy is growing in importance as a political issue. Keating will likely make further splashes. He is proud of his economic record, from which the ALP distanced itself while in Opposition; and has contempt for Rudd's advisers, whom he views as poll-driven and visionless. END COMMENT.

